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Retail Food Sector

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Report Highlights:

Retail trade is an important sector for Thailand, accounting for approximately 14 percent of Thailand's GDP and 44 percent of total consumer expenditures in 2003. The continued development of food retailing stores can be seen all over Thailand, especially the significant increase in hypermarkets, supermarkets and convenience stores. Supermarkets and hypermarkets are the best entry points for U.S. exporters to enter Thailand's retail food market. It is estimated that the total number of food retail outlets will rise to 350,000 outlets in 2008.

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SECTION I. MARKET SUMMARY

The Thai economy continues to perform well this year with an estimated growth rate of 6.4 percent in the Gross Domestic Product (GDP), while the projected GDP growth rate for 2005 is around 5.8 percent. Retail trade is an important sector for Thailand, accounting for approximately 14 percent of Thailand's GDP and 44 percent of total consumer expenditures in 2003. It is also a major employer, with employment in the retail trade sector estimated at roughly 15 percent of total employment in Thailand. Since 1999 the Thai economy has gradually recovered from the economic crisis suffered in 1997, which is evident in the increase in the number of retail business and outlets. A liberal regulatory regime has encouraged an influx of multinational retail business investment in modern retail formats in Thailand. The majority of these investments have come from leading international retail chains: UK-based Tesco with its Tesco Lotus stores; Carrefour of France and Big C; and Netherlands-based Makro.

Thailand's retail market is dynamic with diversified retail formats in operation, including hypermarket stores, shopping centers, supermarkets and convenience stores. The largest retail group in Thailand is Ek-Chai Distribution System Co. Ltd, which operates Tesco Lotus Supercenter and Lotus Express, which generated about USD1.374 billion in sales turnover in 2003. Other major retailers include, Makro with turnover of USD951 million; Charoen Pokphand group, operating 7-Eleven convenience stores (USD778 million); Central Group (USD673 million); The Mall Group (USD654 million); and Cencar, operating Carrefour outlets (USD398 million). In 2003, trade sources estimated that there were about 296,000 food retailers in Thailand and the average retail sales area per outlet stood at 85.5 square meters.

Thailand's food retail sales in 2004 are about USD 30.59 billion, which grew 6 percent from last year, accounting for about 60 percent of all retail sales in Thailand. This small growth is due to negative factors including high oil prices, increasing interest rates, a bearish stock market, unrest in the South, and Avian Influenza. However, a 10 percent growth rate of grocery sales in 2003 made Thailand the second fastest growing Asian market, behind China. Hypermarkets (which occupy the largest portion of the modern trade segment) have accelerated their expansion schemes to open more branches in Bangkok and major cities and lead the way in implementing competitive pricing and promotional strategies (e.g. discounts, rebates and free gifts). These popular promotion activities are in continuous development and come in many forms, ranging from discounts in special seasons or occasions, stamp collection, discount coupons, free gifts, and lucky draws.

Closures of small retail businesses are mainly explained by the expansion of large multinational discount stores in recent years. The number of traditional grocery stores reported in 2002 was 283,009, and this number decreased 3.43 percent to 273,314 in 2003 (Source: ACNielsen). This represents a 2.7 percent shrink from the previous year. There is strongest growth for small retailers in a number of non-essential impulse categories, such as beer, whisky, energy drinks and snacks, all of which grew by over 15 percent. These impulse categories are all strength areas for both traditional stores and modern convenience stores.

Thai consumers have moved toward hypermarkets and supermarkets that provide convenience, one-stop stopping, and a large parking area, as well as offering a variety, and cheaper range, of products. However, according to trade sources, the percentage of local consumers shopping at hypermarkets in Thailand declined from 88 percent in 2002 to 87 percent in 2003, at supermarkets from 70 per cent to only 62 percent and at convenience stores 74 percent to 71 percent. The share of consumers going to traditional retail outlets had increased from 81 percent in 2002 to 85 percent in 2003 and to wet markets from 86 percent to 87 percent. Most of Thai consumers, particularly those who live upcountry, still

visit wet markets to buy their fresh food products as they perceive that products sold at wet markets are fresh and cheaper. In 2003, there were approximately 238 supermarkets, 6,500 convenience stores/gas marts, 127 hypermarkets/discount stores, 289,135 traditional grocery stores and around 560,000 wet markets. The leading food retailers in Thailand are Tesco Lotus, Big C, Makro, Carrefour, Tops Supermarket, Home Fresh Mart, Foodland Supermarket, Villa Supermarket, Siam Jusco and UFM Fuji Supermarket.

Tesco Lotus and Carrefour are foreign-owned hypermarket chains, while Makro is the only cash and carry operation, owned by the Dutch Makro SHV. Among the supermarket chains, Jusco is owned by the Japanese AEON, while Tops and Home Fresh Mart is owned by the Thai group, Central Retail and The Mall Co., Ltd, respectively. Foodland Supermarket is the only supermarket that is open for 24 hours, and carries many foreign products, while Villa Market carries a wide range of imported goods and caters to foreign, particularly Western, expatriates. UFM Fuji supermarket caters to Japanese expatriates in Thailand with its wide range of imported Japanese products. Foodland, Villa and UFM Fuji are owned by Thai operators, in spite of their foreign positioning. Although they have only a small number of outlets, compared to the larger hypermarket and supermarket operators, their influence on Bangkok urban lifestyles and expatriates and upper-income communities is significant. These modern trade companies, especially the ones that target imported products, represent excellent opportunities for U.S. exporters of consumer food items.

Leading Retailers in Thailand Ranked by Retail Turnover 2003

Retail Group	Retail Turnover 2003 (USD million)	Retail turnover 2002 (USD million)	No. of Outlets	Retail Sales Area (sq m)
Ek-Chai Distribution System (Tesco-Lotus)	1,374	1,308	48	520,000
Big C Super Center Co., Ltd.	980	920	41	224,000
Central Group (Tops)	962	750	78	830,000
Siam Makro PCL	951	920	23	410,000
Charoen Pokphand Group (7-Eleven)	778	728	2,640	625,000
The Mall Group Co., Ltd. (The Mall, Emporium)	654	549	9	390,000
Cencar Co., Ltd. (Carrefour)	398	355	18	290,000
AEON Co., Ltd. (Siam Jusco)	123	96	10	255,000
Foodland Supermarket Co., Ltd.	94	78	8	34,000
Delhaize Le Lion (Food Lion)	73	52	35	82,500
Family Mart (Siam) Co. Ltd.	70	55	255	65,000

Source: Euromonitor

The retail food business can be classified into two types: traditional trade and modern trade. Characteristics of the traditional trade can be defined as follows: being family-oriented in its nature and owned by Thais; providing old-fashioned service and exhibiting outdated displays; operating the business with non-standardized management systems and limited investment; being located in small commercial buildings, in local communities. The modern trade's characteristics are as follows: providing modern services and displays; operating business with standardized management systems; putting large investments in technology and innovation to attract customers.

A study by the Bank of Thailand has compared gross margin and selling expenditure as follows:

Gross Margin and Selling Expenditure by Retail Format

Retail Format	Gross Margin	Selling Expenditure
Discount stores (e.g. Central, The Mall)	40-45	35-40
Department Stores (e.g. Pata, Tung Hua Seng)	35-40	30-35
Category Killers (e.g. PowerBuy, SuperSport)	30-35	25-30
Supermarkets (e.g. Tops Supermarket)	20-25	15-22
Hypermarkets (Carrefour, BigC, Tesco-Lotus)	16-18	12-15
Cash and carry (e.g. Makro)	11-13	8-10

Source: Bank of Thailand

In Thailand, consumers now go to more types of retail outlets than before. The large format hypermarkets are a growing presence in Thailand. While the pace of new store openings has somewhat slowed down, hypermarkets are still the main outlets to buy grocery products for more than 60 percent of urban shoppers. Large format stores are providing one-stop shopping with a wider range of products, and a comfortable, large shopping environment. Two big major convenience stores in Thailand, 7-Eleven and Family Mart have also been suffering to some extent from the proliferation of hypermarkets. To improve their competitiveness, they are expanding their selections to include more variety of products including fresh foods, books, and entertainment products. Traditional grocery stores offer convenience in terms of location and service. Many traditional family-owned retailers, meanwhile, have decided that it makes more sense to become convenience store franchisees.

Despite the expansion of large hypermarket and supermarket chains, the low price, familiarity and close location of wet markets are still preferred by many, particularly those in the lower income brackets. Most Thai people still shop at wet markets for their purchase of fresh food products. Thai consumers have the highest frequency of visiting wet markets, with an average of 18 visits per month, convenience stores at least 6 times a month, and 4 times a month for supermarket and hypermarket commitments. The continued development of retail stores can be seen all over Thailand especially the significance increases in hypermarkets, supermarkets and convenience stores.

Food Retail Market Sizes

	2002	2003	2004
Food retail sales (USD mil)	26,135	28,806	30,591
Food retail sales/per capita (USD)	420	459	482
Modern grocery distribution, food sales (USD mil)	9,469	10,185	10,859
Modern grocery distribution, food sales /per capita (USD)	152	162	171

Source: M+M Planet Retail

Consumer expenditures on food products and non-alcoholic beverages in 2003 was led by bread/bakery products/cereals, followed by meat, fruit, non-alcoholic beverages, mineral water/soft drinks/fruit juice/ vegetable juice, milk/cheese/eggs, vegetables, other food, fish, oils/fat, sugar/confectionary and coffee/tea/cocoa. Beer is still the mostly highly consumed alcoholic beverage, due to lower prices relative to wine and spirits. However, with the

economic recovery, wine and spirits, which are drinks associated with luxury values and socializing, should regain higher proportions of sales.

Average Retail Sales Area by Outlet Type 1999-2003 (Sq m/Outlet)

Outlet Type	1999	2000	2001	2002	2003
Supermarket	2,608.7	2,523.3	2,373.5	2,039.4	1,917.2
Hypermarket/discount store	13,619.0	18,857.1	16,764.9	15,486.7	15,608.7
Convenience store/gas mart	32.3	28.9	28.7	29.8	30.1
Small retailers ("mom and pop")	14.9	14.9	14.6	14.9	14.9

Source: Euromonitor

Company Profile (as of June 2004)

Name	Ownership (Legal Entity)	Type of Business	Bangkok - No. of Outlets	Provinces - No. of Outlets	Total Number of Outlets
CP 7-Eleven	Thai	Convenience	n/a	n/a	2,860
Family Mart	Thai	Convenience	300 (est. figure)	200 (est. figure)	500
SHV Makro	The Netherlands	Cash-and-carry	8	21	29
Big C, (Casino/Central)	French	Hypermarket	19	22	41
Lotus, (Tesco Group)	UK	Hypermarket	18	31	49
		Supermarket	0	1	1
		Convenience Store	27	3	30
		Value Store	0	11	11
Carrefour	France	Hypermarket	17	3	20
Tops Supermarket (Central Retail)	Thai	Supermarket	49	9	58
		Marketplace	9	3	12
		City Market	1	0	1
Home Fresh Mart (The Mall)	Thai	Supermarket	7	1	8
Siam Jusco	Japan	Supermarket	10	0	10
Foodland	Thai	Supermarket	8	1	9
Villa, Supermarket	Thai	Supermarket	9	0	9

Because of forecasts that the Thai economy will slow down in 2005, Tesco Lotus, Big C, Carrefour and Tops Supermarket plan to focus more on their Private Label brands. House, or Private Label brand products, are playing a moderately increasing role in Thai retail businesses with better image and quality. Most retailers grasped the opportunity, when

prices of imported products were highly marked up, by introducing house-brand products at cheaper prices. On average, the prices of private labels are around 10-20 percent lower than those of brand name products. Hypermarkets have an advantage over many independent manufacturers in this area as they have close daily contact with their customers and have considerable knowledge of customers' demands and changing consumer trends.

In the future house-brand products will be diversified to capture wider target groups. It is likely that 10 years from now leading consumer products may see their good positions on the shelves taken away by house-brand goods as retailers strengthen the positions for their own products. Most of the supermarkets, superstores, and hypermarkets in Thailand have their own food brands for ready-to-eat food, ready-to-cook prepared foods, home-made bakery items, TV dinners, sausages, water, cooking oil, rice, sauces, cereals, dairy products and fruit juice. These retailers also provide space for fast food outlets, kiosks, a laundry, a florist, bookstores, a photographic store, movie rental stores and restaurants. They also have their own distribution centres to ensure product freshness and operational efficiency.

Major Retailers' Private Labels

Retailer	Private Labels	Results
Tesco Lotus	SuperSave, Tesco-Lotus, Khumka	3 percent of total retail sales, or approximately Bt1,200 million per year
Big C	Leader Price	Opened outlets specializing only in Leader Price products, with retail sales of Bt50,000-60,000 per day per outlet
Carrefour	Carrefour, Harmony, First Line, Blue Sky	5 percent of total retail sales, or approximately Bt700-1,000 million per year
Makro	Aro, Safe Pack, Q-Beach, Hi-style	5 percent of total retail sales, or approximately Bt1,800 million per year

Source: Krungthep Thurakit Newspaper

Credit card service is a new and popular strategy. In the past suppliers extended credit to corner stores and their customers, allowing them to make payment after purchasing. A similar concept has retailers today teaming up with the leading financial service providers to introduce credit for their retail consumer consumption purposes. These programs offer the benefits of modern financial management and payment collection programs. These credit card programs by the giant retailers should have a big impact on the smaller business who cannot offer anything similar.

Summary of Retailer Categories and Goals/Strategies

Goal/Strategy	Department Store	Hypermarket	Cash and Carry	Supermarket	Convenience Store
Type of products sold	A variety, high quality goods	A variety, middle quality goods	A variety, middle quality goods	A variety, usually fresh goods	A variety
Target customers	High-income customers	Middle and low-income customers	Dmall retailers, customers who buy in bulk	All income types	Customers who want convenience
Management of	2-3 months	30-45 days	1 month	10-15 days	15-20 days

goods in inventory					
Price Strategy	Prices higher than hyper-market and cash and carry	As low as possible	Wholesale price	Daily price	Higher prices than supermarkets
Other strategies	Membership cards, credit cards, promotions and discounts	Membership card, credit cards, aggressive expansion of outlets, and frequent discounts	Membership card	Promotions and discounts	Aggressive expansion of outlets, intensive advertising
Retail sales area sq m)	Varies	10,000-20,000	1,000-3,000	1,000-3,000	16-100
Retail Sales (USD million)	2,435	1,740	955	570	855
Land ownership	Usually are land owners themselves	Usually rented	Usually rented	Usually rented	Usually rented

Source: Thai Development Research Institute

Supermarkets and hypermarkets are the best points of entry for U.S. exporters to get into Thailand's retail food market. Large convenience store chains like CP 7-Eleven can be recommended for selected foodstuffs. The main factors U.S. exporters should consider for U.S. food products are pricing, shelf life of the product, and customer preference. The traditional 'Mom and Pop' stores and wet markets in Thailand are not an ideal entry level for U.S. exporters considering the price sensitivity and preference for a traditional diet by the end consumers in this sector. U.S. exporters should be aware that many U.S. branded food products such as snack foods, candy, chocolate and breakfast cereals are already present in the market as locally or regionally produced food products.

Thai consumer behavior has been dramatically changed in the last decade, with many choosing to shop in modern, air-conditioned retail outlets with friendly staff and a wide variety of reasonably priced products. About 15 percent of Thai consumers shopping at department stores and hypermarkets are impulse shoppers, which mean that there are a lot of opportunities for these consumers to try new products that came from the U.S., especially as part of attractive store promotions that effectively convey positive message to these impulse shoppers. Most Thai shoppers are smarter and more price-conscious, with their shopping patterns driven by attractive promotional activities by different retailers. They are less likely to have brand loyalty, are more likely to shop around for special offers, and have become more attentive and responsive to promotional brochures. However, the advantages of these promotion-savvy shoppers are that they are mostly open-minded and love to try new products, which will benefit innovative U.S. products that are in the introductory stage in the Thai market. In addition, the main shoppers in Thailand are women who are full-time workers. However, all Thai shoppers also love to shop during the weekend as a family activity in the air-conditioned retail outlets. The average monthly expenditure on groceries is about USD130.

Thailand Agriculture Trade 1998-2003 (million USD)

	1998	1999	2000	2001	2002	2003
Export	6,598	6,856	6,703	6,829	7,137	8,400
Import	1,278	1,421	1,671	1,804	1,914	2,293

Source: World Trade Atlas

Retail Business Information Update:

Tesco Lotus:

- Tesco Lotus is Thailand's largest hypermarket chain, and is operated by the parent company Tesco PCL of UK. The local Tesco Lotus operator is Ek-Chai Distribution System Co., Ltd, with the majority of the company owned by Tesco Plc. The Tesco Lotus was originally set up in 1995 by the Charoen Pokphand (CP) Group as Lotus Supercenter. At the height of the 1997 economic crisis CP sold 75 percent of its 100 percent stake in Lotus to Tesco, Britain's largest retailer. Further dilution followed and today CP's equity share is a minimal 2 percent;
- Currently, Tesco Lotus has created 12,000 jobs and buys 95 percent of its products from Thai vendors and manufacturers;
- Tesco Lotus has three different private labels - "Super Save" brand for its grocery and hardware products which targets consumers earning 20,000 baht or more per month; "Tesco" for its health and beauty products aimed at shoppers earning 12,000 to 20,000 baht per month; and "Value", launched in March 2002 for cut-price grocery and hardware products. The retail price of "Value" items is expected to be lower than other private-label brands by at least 20 percent, and will target lower-income people whose income is below 12,000 baht a month;
- Currently, Tesco Lotus has more than 500 house-brand product items and expects to increase the total to between 700 and 800 items;
- Currently, Tesco Lotus has a total of 49 hypermarket outlets located throughout the country;
- Tesco Lotus is the clear leader not only in the hypermarket retail trade, but in the entire modern food retail industry. Tesco Lotus now has a 5-6 percent share of the country's retail market, which includes traditional and modern sales channels, and about 60 percent of the company's revenues are derived from groceries and fresh food. In 2003, it held a 44 percent market share in the hypermarket subsector;
- The Bt1.3 billion Distribution Center at Wang Noi is one of the largest and most sophisticated facilities of its type in Asia, and is capable of processing 500,000 cases of food and non-food items each day;
- Tesco Lotus is the leader in the retail trade, with its total sales amounting to Baht 57,040 million (USD1,374 million) in 2003;
- Tesco Lotus will open its first upscale hypermarket store in Hua Hin in early 2006

BigC:

- Big C Supercenter is 68 percent owned by the French Group Casino. It now operates 41 stores throughout Thailand, with more than 11,500 employees and commands a 29 percent share of hypermarket sales, second only after Tesco Lotus;
- Total sales of Big C amounted to Baht42,342 million (USD1.02 billion) in 2003, up from Baht38,214 million (USD920 million) in 2002 and Baht32,637 million (USD786 million) in 2001;
- Launched the "price leading" brand under the name of "First Price" after the success of their private label brand of "Leader Price";
- Big C Supercenter Plc. is introducing a scaled-down store concept "mini" Big C offering such upmarket specialties as imported food and beverage products. These stores will have 4,500 square meters of retail space, smaller than the conventional format which covers 10,000 to 12,000 square meters, and less than the 6,000 square meters of Big C's

compact outlets. Each mini store will require an investment of 200-300 million baht. This move is expected to help BigC capture a share of all customer groups: mini for high-end customers, conventional format for mass market, and its Leader Price stores, which sell Big C house-brand products, for lower-income customers;

- Big C offers four types of product groups: fresh food (e.g. meats, seafood, fruits, etc.) – 10 percent; dry food (e.g. packaged food, beverage, snack, etc) – 50 percent; and non-food group - 40 percent;
- In 2005, BigC will concentrate more on fresh food due to more room to grow and relatively high margin of about 18 percent.

Carrefour:

- CenCar, operator of Thailand's Carrefour hypermarkets, is an 80/20 joint-venture with SSCP Thailand. It has 20 stores and currently employs 7,000 people in Thailand and source 95 percent of its products from local producers and manufacturers;
- In 2001, Carrefour Global Sourcing Center's food department moved to Bangkok from Hong Kong and has about Baht1.5 billion from exports to 28 countries - this has placed Thailand at the top of Carrefour Global Sourcing Asia for food products;
- Carrefour opened its 20th branch in Hat Yai on October 15, 2004. The store occupies 8,500 sq. m. of retail space and required a total investment of Baht900 million (USD22 million) and will carry over 70,000 product items. However, 95 percent of these are locally produced;
- The future plan for Carrefour is further expansion with a stronger focus on customer services, supply chain management and price guarantees;
- Carrefour is currently the fourth largest operator of hypermarkets in Thailand.

Siam Makro:

- Siam Makro currently employs 5,000 people. It is the Thailand-listed affiliate of Netherlands-based SHV Holdings and opened its first store in Thailand as a 65/35 joint-venture with the Charoen Pokphand Group in 1989. Following the 1997 financial crisis, CP sold a portion of its shares back and held on to only 16 percent;
- Siam Makro's concept is "Cash and Carry": low cost, high volume and low margin operations, with the objective to serve not only retail customers and professional retailers in the hotel, restaurant and resell grocery store business, but also their suppliers;
- Siam Makro has spent about Baht 2 billion in 2003 on launching six new stores and upgrading its 10 existing stores in an attempt to cater to an increasing number of clients – retailers, businesses, as well as hotels and restaurants;
- Makro plans to open more outlets in upcountry, especially provinces that have over 30,000 small outlets or where the local population exceeds 1 million people;
- Currently Makro is launching the biggest fresh food section in Asia at its newly upgraded store on Sathorn Road. The range of food products in the store has been increased from 1,400 to 2,800 items;
- Siam Makro reported their 2003 total revenue of Baht40, 619 million (USD978 million) of which Baht944 million (USD23 million) was net income;
- For the third quarter of 2003, the sales growth in Makro is reached 14.7 percent. The sales growth was mainly to higher food sales resulted from a successful 15th anniversary promotion, development of the fresh category and continued development of their core customers (small retailers, caterers and professionals), and from five new stores opened in Chiang Rai, Sakon Nakhon, Suphanburi, Chantaburi and Phuket;
- During November 2004, Siam Makro acquired Siam Food Services Limited (SFS) from Diethelm Trading Co., Ltd. Siam Food is a leading provider of premium food products and logistic service in Thailand. It specializes in the nationwide supply of value added and highly specific frozen and chilled meat, seafood, poultry, french fries, dairy, bakery and ethnic food and beverage products. Its principle customers are in the Full and Quick

Service Restaurants industry segments, including independent and multi-national restaurant operations, hotels and contract food service operations.

Tops Supermarket:

- Tops is able to continue keeping its prices low as a result of supplying goods to Jet/Jiffy petrol-station outlets as well as to the 71 Tops Supermarkets, Marketplace and City Market around the country. This helps Tops to have greater purchasing power due to the larger volume and have also lead to a decrease in logistical costs;
- Tops has embarked on an agri-supply chain project with farmers and fruit and vegetable suppliers to minimize pesticide use, make the supply chain more efficient and improve agri-practices nation-wide;
- Tops supermarket expects a growth rate of more than 30 percent in gift basket sales this year (last year they sold over 100,000 gift baskets during the New Year festive season period);
- Central has agreed to buy up Food Lion's assets in Thailand and take over its leases as it converts the Food Lion grocery stores into Tops Supermarkets. This takeover will boost up Tops to have a total of 6,500 employees and 71 outlets. Tops Supermarket expects to immediately add 300,000 customers and boost sales by more than 10 percent to Baht 15 billion this year. The Food Lion conversion will increase Tops' aggregate retail space to 200,000 square meters;
- The Central Festival Phuket expects to serve more than 50,000 shoppers a day, of which 30-40 percent are foreign tourists. It is estimated that various and full selections of over 30,000 domestic and imported items are available at this outlet with more than 1,000 items of imported products (over 15 percent);
- Central Food Retail Company (Tops Supermarket) is Thailand largest local supermarket chain with 71 stores under the Tops Supermarket, MarketPLace by Tops, and City Market by Tops banners. Central Food Retail Co. is also a grocery wholesaler, supplying some 300 convenience stores (Jet/Jiffy) in Thailand. In March 2004, Central Retail Co. bought out its partner, Dutch grocer Royal Ahold, to take 100 percent control of its supermarket operations in Thailand. The company has also acquired 20 Food Lion supermarkets in Thailand from Belgium-based Delhaize Group, which is exiting the market.

The Mall:

- Currently, the Mall Group operates a chain of eight shopping retail centres under the name The Mall Department Store, and the premium luxury shopping retail centre The Emporium;
- "Home Fresh Mart", the only house brand for The Mall group is growing at the rate of 10 percent every year;
- The Mall Group expects to sell over Bt80 million (USD2 million) of New Year gift baskets in year 2005;
- The Mall has spent over Bt50 million (USD1.2 million) in 2004, primarily to give The Emporium a new upgraded identity. This is to allow The Emporium to differentiate itself from the two new upcoming centres – Siam Paragon and Siam Centre/Discovery.
- Sales per square metres were Bt68,700 (USD1,654) in 2003.

Convenience Stores:

- Even though discount stores have pushed down sales of convenience stores by 8 to 10 percent, especially on grocery items, convenience stores have been adjusting their merchandise mix to offer more packaged foods as well as entertainment products such as CDs, movies, books magazines, internet access and phone cards;
- Some Mom and Pop stores have transformed their stores into 7-Eleven franchises, while others have installed air-conditioning, brighter lighting and less-cluttered display units.

Some have begun offering delivery services and off-premises sales of consumer products at weekend markets in order to survive in the intense competition;

- Convenience store operator CP 7-Eleven has launched a new service enabling customers to order from among 5,000 items at their local store, called the 7-Catalog. This catalogue service offers customers the opportunity to order from 12 product categories including food and beverage products;
- In 2003, total sales of 7-Eleven stood at Bt32,300 million (USD778 million). Average weekly sales and sales per square meter remained high at Bt621 million (USD15 million) and Bt51,680 million (USD1,244 million), respectively;
- A partnership agreement signed with PTT will enable CP 7-Eleven to add another 1,000 stores over 2004-2005.

The Thai retail market is very dynamic and there is still much potential for further growth as the economy continues its rapid growth. By 2008, total retail sales are expected to reach USD60 billion at constant 2003 prices, with USD30 billion from food retailing. The total number of food retail outlets is also anticipated to rise to 350,000 outlets in 2008. Nevertheless, during this period of high retail growth, the inevitable trend is that traditional retailers such as small "mom and pop" stores and wet markets are gradually making their irreversible exit from the Thai retail trade, replaced by a plethora of new modern retailers which, despite their numerous differences have one thing in common: high levels of innovation, retail technology and professionalism.

Advantages and challenges facing US products in Thailand

Advantages	Challenges
- Many varieties of U.S. high quality agricultural products from fresh to processed food.	- Severe competition from Australia, New Zealand, South Africa, Europe and China.
- Increase in Thai consumers' preference for higher quality products.	- U.S. products are not always price-competitive as compared to imports from China, Australia, New Zealand and Malaysia.
- Local Thai consumers view US-origin products as being of high quality and safe.	- Local manufacturers can quickly improve or change quality of products, tastes or packaging sizes according to changes in consumer behavior, while keeping production cost low.
- Over 10 percent of total Thai population live in Bangkok, which as a market accounts for 90 percent of the sales of fast moving consumer goods	- Thai people have little knowledge about U.S. products which are new to the market and that makes them reluctant to purchase.
- The Thai economy has an expected annual growth of 4.5-5 percent for 2002-2003, which is driving increased food consumption. Even though price is still the critical factor, in the future customers will demand higher quality products as their incomes grow.	- Price is still the most important factor when making a purchasing decision.
- Proliferation of retail industry. New retail outlets are expanding which allow consumers in parts of Thailand to get	- Lack of importer and retailer knowledge and training in purchasing and handling of U.S. food products.

consumers in parts of Thailand to get access to new imported products.	- Strong local brands which are either foreign or Thai origins in many food and beverage products e.g. Nestle, Singha Beer, etc.
- Thai eating habits are adapting more imported food items.	- Lack of continuous promotion of U.S. varieties in Thai market. Exporters need to support market promotion campaigns to open new markets.
- Increase in niche market with high income and high premium product preference.	- Market penetration for imported products is concentrated in Bangkok and major tourists-promotion provinces only.
- The growing tourism industry soaring demand for U.S. HRI products, especially beef, seafood, wine, whisky, etc. (No. of international tourists increased by 11 percent from 2002 reaching approximately 12 million tourists in 2004).	- American style mass food products produced locally cost less.
- Reliable supply of U.S. agricultural products and advanced U.S. food processing technology.	- Thai government policy and actions try to increase demand for Thai local products.
- Good relationships with foreign suppliers.	- High import tariffs on high value consumer food and beverage products, especially U.S. meat products, wine, whiskies, cherries, peaches, grapes, apples, pears.
- Gift giving is essential, and luxury foods are preferred. Shoppers like to seek and purchase new products for gifts.	- Lack of trader and consumer awareness of U.S. products, while marketing costs to increase consumer awareness are high.
- Attractive packaging gives the impression of better quality.	- Domestic production improving in quality and marketing.
- Thailand's beneficial geographic location is viewed as a gateway to larger Indochina and other Asian markets.	- Due to high import tariffs for U.S. imported products, most Thai importers shift to importing products from other Asian countries, especially ASEAN member countries.
	- Many NTBs imposed by Thai government and their agencies.
- The fast pace of modern life and the increase in the number of singles, one-parent families and working women have led to the change the way food is prepared and consumed.	- Most of ready-to-eat meals can be produced locally.

SECTION II. ROAD MAP FOR MARKET ENTRY

A. Supermarkets, Superstores, Hypermarkets, Supercenters, Cash-and-Carry outlets

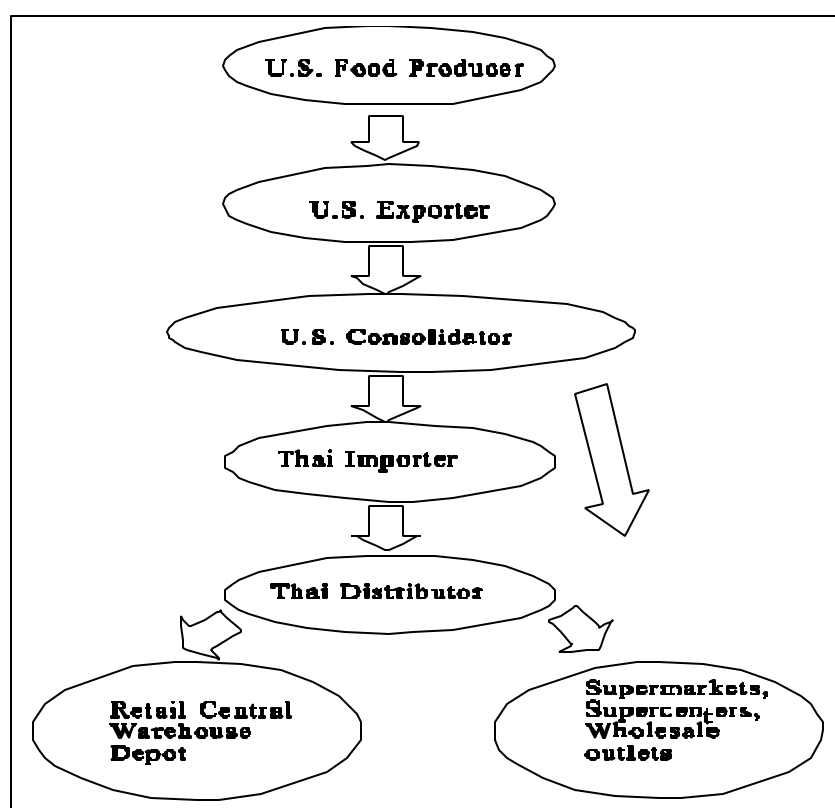
Entry Strategy

The best method for U.S. exporters to sell to supermarkets, discount stores, hypermarkets or cash and carry is to directly contact supermarkets, discount stores, hypermarkets, cash and carry operations who import direct, and importers and distributors. U.S. exporters should be

aware that many multinational retailers in Thailand charge listing fees or a listing allowance for new products. The fee will be charged in accordance with a formula based on the number of retail outlets and SKUs (stock keeping unit).

Distribution Channels

The distribution channel to supermarkets, superstores, and hypermarkets in Thailand normally begins with importers selling to distributors in turn selling to a central warehouse or direct to retail outlets. The foodstuffs will be kept either in the importers' warehouse, distributors' warehouse, or central warehouse before delivery. Some supermarkets, superstores and hypermarkets operated by either local and multinational operators can import food products directly and hold them in their own distribution centres before delivery to each outlet. The following chart shows the standard distribution channels to supermarkets, superstores, and hypermarkets in Thailand nowadays.



B. Convenience Stores, Gas Station Food Marts, Kiosks

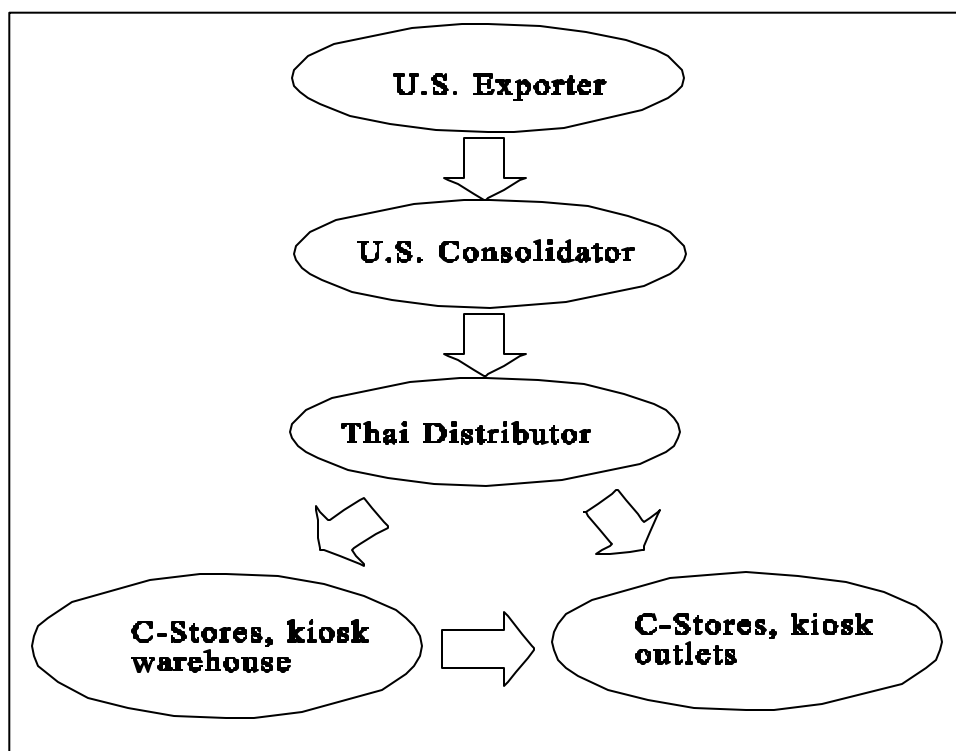
Entry Strategy

The best method for U.S. exporters to enter this Thai market segment is to contact the head office of convenience stores, gas marts and kiosks. The major convenience stores like CP 7-Eleven and Siam Familymart are listed at the end of this report. U.S. exporters should be aware of the listing fee or listing allowance that may be charged by large convenience store chains. The fee will be charged in accordance with a formula based on the number of outlets and SKUs.

U.S. branded food sold in these C-stores is usually produced in Thailand or in neighbouring Southeast Asian countries. This group of products includes snack foods, chocolates, cookies, candies, gum and breakfast cereal. Distributors source U.S. branded food from neighbouring countries rather than from the United States because of the lower costs and Asia Free Trade Area (AFTA) preferential tariffs. Trends in the sales of imported food for C-stores versus locally produced food items will decrease gradually from five to zero percent, in line with the purchasing power of low and middle income target group. U.S. products will be well received by Thai consumers in C-stores if price and quality is similar to what local suppliers offer.

Distribution Channels

A common distribution channel to convenience stores, gas marts and kiosks has goods flowing from U.S. exporters to U.S. consolidators and traders then on to Thai distributors to C-stores, gas station marts and kiosk distribution centres. Some Thai distributors distribute foodstuffs directly to C-stores, gas marts and kiosk outlets. Most of the foodstuffs that are distributed directly to the outlets are fresh, including baked goods and dairy products. The flow pattern of different retailers varies depending on the sales volume and number of outlets. A key ingredient in the success of the larger retailers is control of their own distribution centers.



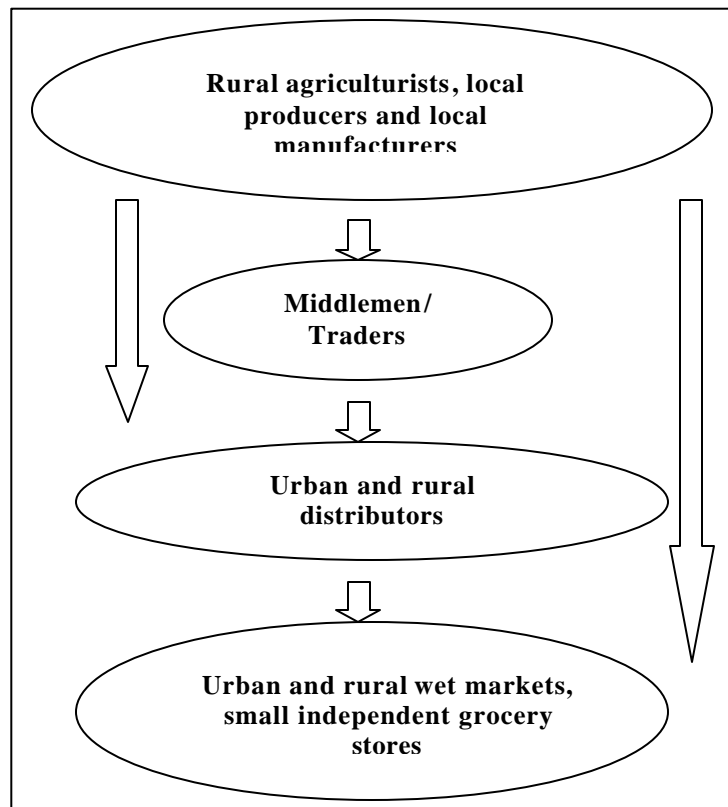
C. Traditional Markets ('Mom and Pop', small independent grocery stores and wet markets)

Entry Strategy

For U.S. exporters, Thai traditional wet markets are more difficult markets to enter, considering the expected purchase price of products, low consumer purchasing power, the size and traditional distribution channels of the outlets and consumer preferences for traditional Thai and Chinese foodstuffs.

Distribution Channels

Usually local manufacturers will have their own distributors to distribute their products. Some local producers participate in a Royal Project in which the distribution is managed by assigned distributors.

**SECTION III. COMPETITION****Current situation in the Thai market**

Domestic products have played a major role in the Thai market because the cost is perceived to be cheaper than imported foodstuffs. However, imported foods do relatively well in Bangkok (especially at locations near upper income residential areas, expatriate-dense areas, and tourist areas) and other major cities such as Phuket, Hua-Hin, Chiang Mai, Pattaya, Surat Thani, Trad, Krabi, Phang Nga, Had Yai, and Samui islands. The ratio of imported food versus domestic food is 30:70. The United States holds approximately 15 percent of the overall imported food market.

Imports of U.S.-sourced products have decreased over time because many U.S. food companies have shifted manufacturing bases from the United States to Thailand or neighbouring countries such as Australia, Indonesia and Malaysia. The advantages of AFTA, lower labor, production and transportation costs, and the relative value of regional currencies versus the U.S. dollar has made these brands more competitive in Thailand.

The major advantage of imported foodstuffs versus locally produced food is that these products could not currently be produced or manufactured in Thailand and their quality is perceived as better than the local products. The obvious disadvantage is the higher prices of imported food. Local manufacturers understand local customers' needs and can readily improve or change quality of product, taste or packaging size to suit customer preference. The advantage of U.S. products versus other foreign products is that several high quality products could not be produced or manufactured in other foreign countries. The disadvantages are pricing, delivery time, and customer preference. As China's geographic area is quite similar to the U.S., this benefits China in growing and producing the same kind of products which can be exported to Thailand and compete directly with U.S. products by being little lower quality but having a significant difference in price. Other market segments where competitive is strong include beef, wine, fresh fruits, vegetables and other perishables.

The fact that most households now have microwave ovens, as well as marketing strategies like giving away free samples and education about nutrition, are the key to the growth of the frozen food industry, especially the ready-to-eat-meals. Annual sales of ready-to-eat meals have reached Baht 1 billion (USD24 million). Sales growth rates are projected in the range of 20-30 percent a year. However, more than 95 percent of these ready-to-eat meal products are produced locally. For example, S&P's Quick Meal and Econo Meal brands have a market share of around 14 percent, with their main target groups office workers and housewives; 7-Eleven, the market leader in frozen rice boxes, sells about 750,000 packs of Ezy Go brand a month, worth about Baht 230 million a year (and having about a 30 percent growth rate since the products first started in 2000).

Due to the Thai-Australia FTA, which takes effect on January 1, 2005, the import tariff on Australian wine will be reduced sharply to 40 percent. This will make the price of Australian wine to be about Baht 300-400 per bottle (USD10) and will influence consumers' buying decision to buy and drink more Australian wine.

Retailers will no longer be able to rely on their ability to expand in terms of outlets, but on their capability to differentiate themselves and to cater to changing consumer trends.

SECTION IV: BEST PRODUCT PROSPECTS

Thailand Imports and US share of Top 50 Food and Fishery Imports

RANK	PRODUCT	2002				2003				
		TOTAL IMPORT VALUE (US\$)	U.S. IMPORTS VALUE (US\$)	U.S. %SHARE (VOLUME)	U.S. Growth Rate %	TOTAL IMPORT VALUE (US\$)	US IMPORTS VALUE (US\$)	U.S. %SHARE (VOLUME)	Mkt. Growth Rate %	U.S. Growth Rate %
1	TUNAS	438,026,555.47	2,672,889.85	0.57%	-34.15%	502,079,932.00	3,582,254.00	0.70%	17.48%	50.19%
2	POWDER MILK & CREAM	177,459,329.91	6,073,071.28	4.62%	85.38%	177,178,469.00	6,041,106.00	4.62%	0.00%	0.00%
3	WHISKIES	71,899,012.29	1,008,069.90	0.73%	-17.52%	89,645,267.00	1,278,316.00	1.05%	14.77%	68.01%
4	APPLE (FRESH)	39,867,673.74	11,744,643.51	22.64%	-21.12%	57,719,540.00	10,546,942.00	12.43%	40.86%	-7.14%
5	SALMON (FROZEN,FRESH, CHILLED)	42,370,754.47	3,900,337.36	20.61%	-30.56%	51,350,037.00	4,145,972.00	16.50%	0.68%	-19.40%
6	MILKFOOD FOR INFANTS	31,682,425.21	204,002.30	0.43%	93.79%	51,023,905.00	127,029.00	0.25%	22.55%	-26.04%
7	CRABS	25,085,577.91	1,152,404.91	3.56%	-66.43%	25,753,883.00	1,691,297.00	7.75%	-14.87%	89.51%
8	CHOCOLATE & FOOD PREP. WITH COCOA	17,238,452.72	2,942,834.03	15.00%	38.55%	19,855,546.00	2,952,025.00	12.43%	20.57%	4.30%
9	SUGAR CONFECTIONERY	16,708,202.42	157,784.87	0.76%	-21.35%	17,351,391.00	209,534.00	0.87%	-5.39%	9.26%
10	MACKEREL	15,475,707.40	35,582.98	0.29%	378.63%	16,317,256.00	357,584.00	1.72%	5.13%	521.81%
11	GRAPES, FRESH	7,046,412.50	3,999,319.67	51.02%	2.90%	14,695,578.00	7,311,738.00	46.66%	51.84%	89.88%
12	PEARS & QUINCES	3,531,403.89	496.49	0.02%	-95.89%	14,462,809.00	9,624.00	0.03%	79.26%	891.02%
13	DOG AND CAT FOOD	11,666,288.83	4,104,740.83	22.15%	1.46%	13,072,905.00	4,439,600.00	31.93%	1.34%	46.07%
14	FRUIT & VEGETABLE JUICE	4,542,730.73	835,426.40	11.53%	-68.63%	12,740,926.00	2,602,895.00	15.09%	57.73%	209.49%
15	OD	11,449,293.20	1,041,263.57	10.32%	35.39%	12,293,677.00	620,213.00	5.65%	-6.83%	-48.78%
16	INSTANT COFFEE	9,629,740.55	192,901.40	3.83%	124.33%	12,028,770.00	403,607.00	0.47%	72.80%	-54.70%
17	CANNED PEACH	12,439,227.51	687,620.18	4.67%	-51.88%	9,438,650.00	4,080,626.00	41.74%	-52.34%	486.96%
18	FROZEN FRIES	7,351,777.23	5,031,943.37	69.80%	8.79%	9,031,880.00	5,670,314.00	63.09%	12.70%	3.53%
19	CHEESE & CURD	6,709,269.37	348,813.57	3.81%	-50.55%	8,372,817.00	273,901.00	2.81%	18.55%	-9.39%
20	POPCORN (READY TO EAT)	3,306,762.69	1,218,722.77	35.83%	-10.63%	8,280,362.00	160,717.00	1.65%	55.23%	-89.73%
21	WINE	6,942,750.47	247,995.55	3.97%	-34.76%	7,046,482.00	319,862.00	4.36%	-3.32%	6.28%
22	BREAKFAST CEREAL	4,517,366.36	97,605.56	1.47%	-44.43%	5,655,781.00	213,763.00	2.87%	11.00%	119.64%
23	SOUPS & BROTHS & PREPARATION	3,369,845.90	744,757.01	47.23%	-2.04%	4,384,278.00	1,472,385.00	47.66%	32.50%	49.53%
24	DRIED PEAS, BEANS, LENTILS	2,202,062.83	171,361.41	2.06%	25.37%	4,056,483.00	426,852.00	4.76%	33.03%	244.77%
25	INSTANT TEA	1,227,776.16	1,104,733.78	86.51%	-44.44%	3,670,164.00	705,516.00	1.79%	96.68%	-37.71%
26	BEER	1,727,027.14	53,806.31	2.45%	1.39%	2,947,800.00	37,209.00	1.17%	0.15%	-52.43%
27	ALMONDS, FRESH/DRIED IN SHELL & SHELL	1,658,351.00	1,589,740.57	95.48%	1.98%	2,656,893.00	2,641,758.00	99.41%	26.24%	41.17%
28	BEEF	2,692,857.54	654,649.46	26.03%	19.36%	2,548,999.00	705,141.00	26.83%	-28.25%	-19.63%
29	CORN (RAW)	1,550,083.64	875,655.59	42.05%	-26.80%	2,305,075.00	787,027.00	12.63%	59.31%	-26.16%
30	JAMS, FRUIT JELLIES	1,840,850.12	765,390.22	38.29%	8.10%	2,097,037.00	814,526.00	35.39%	6.04%	-1.64%
31	ICE CREAM	1,502,896.14	263,819.74	12.77%	-49.23%	1,794,132.00	56,529.00	1.64%	23.93%	-83.16%
32	TOMATO KETCHUP & OTHER TOMATO SAUCES	969,331.17	504,721.74	42.72%	46.90%	1,676,090.00	315,317.00	14.57%	45.92%	-36.96%
33	SCALLOPS/CLAMS	467,823.39	42,224.37	2.55%	-3.71%	1,285,192.00	108,069.00	2.53%	59.13%	142.68%
34	COFFEE	750,459.33	580,739.18	71.93%	7.40%	1,237,741.00	952,858.00	41.62%	64.09%	61.11%
35	OTHER NUTS INC MIXTURES	677,979.91	239,403.82	30.68%	113.51%	974,844.00	349,314.00	30.40%	20.63%	24.83%
36	SARDINES	493,836.13	55,559.52	11.25%	50.87%	968,016.00	358,599.00	40.17%	53.46%	667.30%
37	ALMOND (ROASTED)	2,750.21	2,037.22	38.46%	-57.82%	810,162.00	12,601.00	64.30%	84.75%	996.59%
38	PISTACHIOS, FRESH/DRIED	622,654.77	497,458.99	69.16%	17.66%	747,954.00	599,967.00	68.59%	22.06%	27.25%
39	ORANGE (MANDARIN, TANGERINES, SATSUMA)	426,760.71	111,773.63	21.67%	-10.01%	714,727.00	150,163.00	18.92%	37.24%	39.14%
40	CHERRIES (FRESH)	339,370.32	167,209.24	49.89%	-22.81%	695,896.00	474,954.00	73.42%	59.45%	262.91%
41	MUSTARD FLOUR & MEAL&PREPARED MUSTARD	602,362.36	256,358.12	49.55%	-13.63%	623,198.00	281,029.00	57.96%	-1.45%	15.31%
42	MEAT OF SHEEP/LAMB	390,141.62	473.37	0.15%	100.00%	499,602.00	266.00	0.07%	17.73%	-44.08%
43	RAISINS	248,075.07	223,169.51	90.43%	-12.86%	342,938.00	336,385.00	97.18%	24.68%	42.67%
44	SAUSAGES & SIMILAR PRODUCTS OF MEAT	133,381.47	2,003.07	4.12%	-57.35%	295,547.00	9,053.00	8.53%	54.09%	351.54%
45	GROUND NUTS	118,100.77	71,470.25	30.23%	-75.82%	271,990.00	81,115.00	12.00%	69.10%	28.46%
46	PLUMS AND SLOES	81,111.36	56,313.57	73.71%	-42.05%	132,101.00	99,972.00	65.14%	53.49%	90.05%
47	DOG FISH & OTHER SHARKS	163,325.56	99,249.98	61.90%	-25.74%	116,133.00	60,578.00	49.08%	-66.51%	-52.38%
48	TURKEY & CUT OFFALS F/F	72,266.62	72,266.62	100.00%	46.23%	101,170.00	101,170.00	100.00%	30.07%	42.99%
49	OTHER SPARKLING WINES	125,807.38	5,359.22	3.37%	-73.28%	97,951.00	3,040.00	5.00%	-26.77%	17.22%
50	PEACHES, INCL NECTARINES	65,521.07	5,288.38	3.71%	-12.40%	54,028.00	8,480.00	12.29%	-215.07%	5.09%

Source: Thai Customs Department and World Trade Atlas

Best market prospects for U.S. suppliers include fresh fruits and vegetables (grapes, cherries, berries, peaches, pears, plums, prunes, nectarines, citrus, grapefruits, radish, celery, carrots), frozen foods, fruit juices, breakfast cereal, canned foods (fruit, soup and vegetables), biscuits, American spices, seasonings and sauces, frozen sea food (Alaska king crab, fish, mussels, scallops), candy and jelly, chocolate, dairy products (milk powder, cheese, cheese spread, cream cheese, whipped cream, sour cream, cheese sticks, cheese dip and ice-cream), dips, instant coffee, jam, mayonnaise, mustard, Mexican sauce, nuts (peanuts, walnuts, hazel nuts, pecans, macadamia nuts), pie filling, micro wave pop-corn, poultry, preserved or dried fruits, pickles, ready-to-mix pancakes, cookies, bakery ingredients, red meat, snack foods, syrup, tortilla chip, vinegar, wine and bourbon whiskey as well as pet food.

The best selling U.S. food products are frozen French fries, fresh fruits, fruit juice, snack foods, breakfast cereal, canned foods, dried fruits and nuts, and pet food. Products that are not currently present in the market in significant quantities but have good sales potential are cherries, stone fruits, frozen foods, American seafood including lobster, crab, fish, oyster, mussels; beverages, biscuits, candy, berries, chocolate milk mix, cooking oil, cheese, dip sauce, sauce and seasoning, other cooking products, peanut butter, jelly, pie filling, TV dinners, U.S. beef and bakery ingredients.

SECTION V. POST CONTACT AND FURTHER INFORMATION

The USDA/Foreign Agricultural Service in Bangkok maintains up-to-date information covering food and agricultural import opportunities in Thailand and would be pleased to assist in facilitating U.S. exports and entry to the Thai market. Questions or comments regarding this report should be directed to the USDA/Foreign Agricultural Service in Bangkok at the following local or U.S. mailing address:

U.S. Department of Agriculture
Office of Agricultural Affairs
U.S. Embassy
120-122 Wireless Road
Bangkok Thailand 10330
Tel. +662-205-5106, 205-5121-2
Fax. +662-255-2907
Email: Agbangkok@fas.usda.gov
Web Site: www.usdathailand.org

SECTION VI. APPENDIX

Appendix 1: Thailand's Key Economic Indicators (* in Billion)

	Unit	2000	2001	2002	2003	2004
- Population	Mil.	61.88	62.31	62.80	63.08	63.51
- GDP at constant 1998 price	Billion Baht*	3,009	3,073	3,239	3,458	-
- GDP Growth	percent	4.8	2.1	5.4	6.8	-
- GNP Per Capita	Baht	77,659	80,249	84,540	91,219	-
- Inflation Rate (CPI)	percent	1.6	1.6	0.7	1.8	2.6
- Foreign Trade						
Export	Billion USD*	67.9	63.1	66.1	78.1	79.0
Growth	percent	19.5	-7.1	4.8	18.2	23.8
Import	Billion USD*	62.4	60.6	63.4	74.3	78.1
Growth	percent	31.3	-3.0	4.6	17.4	28.6
- Trade Balance	Billion USD*	5.5	2.5	2.7	3.8	0.9
- Balance on Current Account	Billion USD*	9.3	6.2	7.0	8.0	5.3
- Balance of Payments	Billion USD*	-1.6	1.3	4.2	0.1	3.6
- Average Exchange Rate	Baht/USD	40.2	44.5	43.0	41.5	41.3

Source: Bank of Thailand

Appendix 2: Thailand Minimum Daily Wage

The minimum wage in Thailand is currently 175 baht per day (USD4.21) in Bangkok, and between 130-140 baht in other provinces.

Provinces	Baht/Day	USD/Day
Phuket	173	4.17
Bangkok, Samut Prakarn, Nonthaburi, Pathum Thani, Nakhon Pathom, Samut Sakhon	175	4.21
Chonburi	157	3.78
Nakorn Ratchasima and Saraburi	150	3.61
Kanchanaburi, Chanthaburi, Phetchaburi, Ratchaburi, Samut Songkhram, and Ang Thong	142	3.42
Chachoengsao and Krabi	144	3.47
Singburi and Narathiwat	135	3.25
Chiang Mai and Phang Nga	149	3.59
Ranong and Rayong	147	3.54
Ayudhdhaya	146	3.52
Chumphon, Lamphun, Sa Kaeo, and Sukhothai	141	3.40
Khon Kaen, Trang, Buriram, Prachin Buri, Lop Buri, Sing Buri, and Suphan	140	3.37

Buri		
Nakhon Nayok and Phichit	138	3.32
Chiang Rai, Nan, Phayao, Phrae, Maha Sarakham, Mae Hong Son, Yasothon, Surin, and Ubon	137	3.30
The rest of the country	133	3.20

Source: Bank of Thailand

Remark: 1US\$ = 41.53 baht (2003)

Appendix 3: Tourism Overview, Thailand 2000-2004

Year	International						
	Tourist		Average	Average Expenditure		Revenue	
	Number (Million)	Change %	Length of Stay (Days)	/person/day (Baht)	Change (%)	Million (Baht)	Change (%)
2000	9.51	+10.82	7.77	3,861	+4.23	285,272	+12.75
2001	10.06	+5.82	7.93	3,748	-2.93	299,047	+4.83
2002	10.80	+7.33	7.98	3,754	+0.16	323,484	+8.17
2003 ^{/1}	10.00	-7.36	8.19	3,774	0.55	309,269	-4.39
2004 ^{/2}	12.00	19.95	8.00	4,000	5.97	384,000	24.16
2005 ^{/2}	13.38	11.5	8.10	4,150	3.75	450,000	17.19

Year	Domestic						
	Thai Visitor		Average	Average Expenditure		Revenue	
	Trip (Million)	Change %	Length of Stay (Days)	/person/day (Baht)	Change (%)	Million (Baht)	Change (%)
2000	54.74	+2.08	2.48	1,718	+12.79	210,516	+3.61
2001	58.62	+7.09	2.51	1,703	-0.89	223,732	+6.28
2002	61.82	+5.45	2.55	1,690	-0.77	235,337	+5.19
2003 ^{/1}	69.36	12.2	2.61	1,824	7.98	289,987	23.22
2004 ^{/2}	73.18	5.51	2.65	1,895	3.87	322,300	11.14
2005 ^{/2}	76.25	4.19	2.65	1,965	3.69	347,300	7.76

Remark: /1 = Trend /2 = Target

Source: Tourism Authority of Thailand

Appendix 4: Retailers in Thailand**Siam Makro Company Limited**

3498 2nd Fl., Lard Prao Rd

Klongchan, Bangkok

Bangkok 10240, Thailand

Tel. +662 704-7000 / 375-7000

Fax. +662 375-8866

Contact person: Mr Philip Cox, Food Director (Dry Grocery)

Email: pwcox@siammakro.co.th

Contact person: Mr. Louis Lin, Food Director (Fresh Food)

Email: lin@siammakro.co.th

Big C Supercenter Co., Ltd

Fl 7 Uninvest Building

89/36 Rajadamri Road

Lumpini, Pathumwan

Bangkok 10330, Thailand

Tel. +662 655-5813

Fax. +662 655-5801-2

Contact person: Mr. Yves Braibant, CEO

Contact person: Ms. Jaruwan Thamgaesorn, Director of Fresh Food Merchandise Division

Ek-chai distribution System Co., Ltd (Tesco Lotus Hypermarket)

Modernform Tower

699, Srinakharin Rd, Suanluang

Bangkok 10250, Thailand

Tel. +662 722-9640/79

Fax. +662 722-9637

Contact person: Mr Jeff Adams, CEO

Contact person: Mr. David Horton, VP Fresh Food Development

Email: david.horton@th.tesco.com

Contact person: Ms. Saijai Warrawatpreecha, VP Grocery Management – Food

Email: saijai.warrawatpreecha@th.tesco.com

Central Food Retail Co., Ltd. (Tops Supermarket)

6th-7th Floor Central Plaza Office Tower

1693 Paholyothin Road

Lard Yaow, Jatujak

Bangkok 10900

Tel. +662 937-1700

Fax. +662 937-1711

Contact person: Mr. Ian Pye, President

Email: pyian@tops.co.th

Contact person: Chiranun Poopat, VP/Buying & Merchandising and Marketing

Email: pochiranun@tops.co.th

Cen Car Ltd (Carrefour Global Sourcing)

14th Floor Q. House Sathorn Building

11 South Sathorn Road, Tungmahamek,

Sathorn, Bangkok 10120

Tel. +662 625-4444

Fax. +662 677-3354-5

Contact person: Mr. Jean Paul Khaou, Food Manager
Email: Jean_Paul_Khaou@carrefour.com

The Mall Group (The Mall (Home Fresh Mart)/Emporium/Siam Paragon)

1909 Ramkhamhaeng Road
Huamark, Bangkok
Bangkok 10240, Thailand
Tel. +662 310-1000 / 318-8925
Fax. +662 315-6605 / 318-8923
Contact person: Mr Pira Asawapirom, Chief Merchandising Officer

Siam Jusco

129 Ratchdapisek Rd
Dindaeng, Bangkok 10320, Thailand
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End of Report